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Control 9721
Rec'd: July 15, 1961
3:16 p.m.

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FROM: Accra

TO: Secretary of State

NO: 78, July 15, Noon

Re DEPTEL 53.

According President's July 4 speech, bonds repayable 10 years and carry tax free interest of 4 percent. He said "all wage and salary earners should contribute 5 percent of their current incomes to purchase of these bonds and for the other sectors of the community-the self employed and the professional person, the individual business and private company-the contribution should be 10 percent of income assessed for income tax."

Finance Minister Goka made following points in budget speech July 7: (1) "Everybody will be asked to apply certain proportion of their emoluments or income to the purchase of national development bonds. (2) Proportion will be 5 percent for wages or salary earners and 10 percent all other income." (3) Bonds non-transferable and "will be repaid at their full nominal value plus accrued interest to all foreign nationals when they leave this country permanently." (4) GOGhana will give exemption from bond obligation to any foreign nationals who request such an exemption in writing.

Comment: Legislation covering compulsory savings scheme still under study. Secretary MINFIN states present draft legislation contains provisions under which all foreign nationals including VALCO could be exempt from bond scheme.

Sir Robert Jackson states: (1) All key Ministers now abroad and that he would not wish commit the Government. (2) Has general impression that Government would not take any action

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under current budget which would adversely affect agreements negotiated with VALCO to date. (3) Negotiating group would be in position clarify situation respect VALCO during forthcoming visit Washington.

RUSSELL

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